

November 2024

Monthly Newsletter

Community Foundation

of St. Clair County



Hello from your Community Foundation!

We have a new look for our professional advisor outreach, and I hope you like it!

We are grateful for the many ways we are able to collaborate with our local advisors and thank you for the opportunity to work together as you serve your philanthropic clients.

This e-news edition covers 4 topics that are top of mind at year end.

1) Estate Tax Exemption - You and other financial and tax advisors are on pins and needles about what might happen with the tax laws and especially the estate tax exemption. The Community Foundation offers factors to consider as you advise your clients ... and as you continue to watch and wait.

2) Must-know tips for clients' year-end giving - We know you've got a lot on your plate as the end of the year approaches. Even if charitable giving does not appear on the surface to be a burning issue in client meetings, it's still crucial that you keep in mind a few essential charitable giving techniques because your clients do care.

3) Navigating multiple charitable strategies for families - Your client base is more and more likely to include ultra-high net worth families. It's important to understand how multiple charitable giving vehicles, including a donor-advised fund at the Community Foundation as well as possibly a private foundation, play a role in a client's overall philanthropy strategy.

4) Giving Opportunities & Wish List - During the season of giving we have options for donors from \$250 all the way up to seven figures. Our wish list focuses on local basic needs that are under \$1,000- and we have matching funds! Our giving opportunities range from current needs to long-term opportunities and many things in between.

Whether we are working together to structure a family's donor-advised fund, a gift of real estate, support for a favorite nonprofit, or a Qualified Charitable Distribution to a fund at the Community Foundation, our team enjoys and appreciates every minute.

We love serving as your first stop for all things philanthropy!

In this newsletter you can expect:

Estate Tax Exemption

Must-Know Tips for Clients' Year-End Giving

Navigating Multiple Charitable Strategies for Families

Giving Opportunities & Wish List

Wishing you and your family all the best as we near the season of thanks,

Jackie

Jackie Hanton
Vice President
Community Foundation of St. Clair County



Tax Laws... Estate Tax Exemption

Many eyes are on the election aftermath seeking clues about what might happen to the tax laws. Of particular interest is the much-analyzed sunset of the higher estate tax exemption, scheduled for the end of 2025 absent intervening legislation. “Absent intervening legislation” is the key, of course. The November 2024 elections will not immediately change estate tax laws, and it’s a long road from here to there.

For starters, the new Congress will not be sworn in until January 2025, and only after the session begins will Congress initiate the budget reconciliation process which is ultimately required to make tax law changes. The budget reconciliation process typically starts with the President submitting a budget to Congress. Then, both chambers of Congress pass budget resolutions with reconciliation instructions. Then, committees draft legislation to meet the budget targets, and the budget committees consolidate the bills into a single omnibus bill. Then, each chamber votes on its respective omnibus bill.

What all of this means is that the status of the estate tax exemption is still very much up in the air. And this means that financial, tax, and estate planning is going to be difficult for many more months. With the estate tax exemption set to drop from \$13.61 million per person in 2024 to approximately \$7 million per individual on January 1, 2026, a lot is at stake.

Should a high-net worth taxpayer start making aggressive gifts now to family members and a donor-advised or other type of fund at the Community Foundation, anticipating that the sunset will indeed occur? Or take a “wait and see” approach?

Planning is further complicated by the dangers of waiting until the last minute. Not only is it tough to pull off a complex estate plan or business succession plan quickly, but it’s also dicey because the IRS likely will be on the lookout for situations to invoke the step transaction and reciprocal trust doctrines.

So what can you do? First and foremost, if you are working with charitably-inclined families who would be impacted by the estate tax exemption sunset, please reach out to the Community Foundation right away to start looking at options. And if you aren’t sure whether a client is charitably inclined, you absolutely must ask them. It’s always important to talk about charitable giving, and especially right now when the stakes are so high.

We look forward to many conversations with you and your clients as estate tax developments unfold!



Must-know tips for clients' year-end giving

We know you've got a lot on your plate as the end of the year approaches. Even if charitable giving does not appear on the surface to be a burning issue in client meetings, it's still crucial that you keep in mind a few essential charitable giving techniques because your clients do care. Please scan these three important techniques, and feel free to reach out to the Community Foundation on any matter related to charitable giving.

- Encourage clients to consider giving **highly-appreciated stock**, not cash, to their funds at the Community Foundation, thereby maximizing tax benefits.
- Help clients evaluate a **“bundling”** or **“bunching”** technique to make gifts to donor-advised funds at the Community Foundation, exceeding the currently high standard deduction to be able to itemize. Then, donor-advised fund assets can be used over the next few years to support clients' favorite charities.
- Help clients who are 70 ½ and older make **Qualified Charitable Distributions** (“QCDs”) directly from IRAs to designated or field-of-interest funds (donor-advised funds are ineligible recipients) at the Community Foundation—up to \$105,000 per spouse. Plus, QCDs satisfy RMDs!

November is the time to set things in motion so you don't get caught up in the year-end rush. We are here for you. Feel free to reach out to Jackie Hanton at jackie@stclairfoundation.org or 810-984-4761.



Navigating multiple charitable strategies for families for ultra high net worth families

Charitable giving is always an important strategy to discuss with your clients. Many high net worth individuals are philanthropic, of course, and charitable gifts reduce taxable income and avoid estate taxes. Charitable giving strategies are particularly relevant as you and your clients address the possibility of increases in income and capital gains taxes for high earners as well as increased estate taxes due to the looming exemption sunset.

What's also notable is research indicating that the number of "ultra high net worth" families (over \$30 million) has increased dramatically over the last two decades. Globally, 157,000 individuals represented \$14.2 trillion in 2004 and by 2024, 426,000 individuals represented \$49.2 trillion of wealth. Fast forward to 2027, and this group is expected to grow to over 500,000. America alone is home to 756 billionaires and many of the world's millionaires—nearly 22 million people.

So why does this matter to you? It matters because wealthy families will rely increasingly on their attorneys, CPAs, and financial advisors to help them navigate savvy tax planning strategies, including charitable giving. And many of these families are very generous, so don't underestimate your clients' desire to get involved in charitable giving.

Indeed, you may already be working with families who use private foundations to fulfill their charitable giving goals. In many instances, these private foundations were established by previous generations before

donor-advised funds became widely available.

As donor-advised funds become more popular, for lots of good reasons, please reach out to the team at the community foundation to explore a parallel strategy where your clients can carry out their charitable intentions using both a donor-advised fund and a private foundation.

In some cases, your clients may want to consider closing a private foundation and transferring the assets to a donor-advised fund because of the many administrative and tax benefits, as well as the value of being able to lean on the knowledgeable team at the community foundation. Our team can help walk through the steps for shutting down the private foundation, which include securing board approval, making sure final expenses will be covered, transferring the assets to a donor-advised fund, filing the appropriate dissolution documents with the state, and submitting the private foundation's final tax return reporting its dissolution and transfer of assets.

Whether your client pursues philanthropic goals through a private foundation, donor-advised fund, or combination of both, we are here to help! Please reach out to our team to discuss the ways your clients can support causes that align with their values and passions, create a lasting legacy that extends beyond their lifetime, involve multiple generations in philanthropic efforts, and foster an overall sense of family unity and shared purpose.



Giving Opportunities & Wish List

Our Wish List is a great opportunity for donors who would like to support the current needs of 28 local nonprofits. We have a list of 40 wishes and dollar-for-dollar matching funds to help their donation go even further. Visit [here](#) for full details of wishes that range from \$250 - \$1,000.

Our giving opportunities list focuses on bigger and longer-term projects, needs and opportunities. From public art, to trails and parks, to nonprofit capacity support and things like youth sports and safety around water. The giving opportunities can be tailored for donors interested in the arts, education, youth, seniors or ranked by highest need. We encourage you to reach out and let us know your area of interest so we can share a tailored list for review. For a copy of our Giving Opportunities please email Jackie, jackie@stclairfoundation.org.

We appreciate all considerations for giving back!

The team at the community foundation is a resource and sounding board as you serve your philanthropic clients. We understand the charitable side of the equation and are happy to serve as a secondary source as you manage the primary relationship with your clients. This newsletter is provided for informational purposes only. It is not intended as legal, accounting, or financial planning advice.

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